



Health Services
LOS ANGELES COUNTY

June 30, 2007

Los Angeles County
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*To improve health
through leadership,
service and education*

TO: Each Supervisor

FROM: Bruce A. Chernof, M.D.
Director and Chief Medical Officer

SUBJECT: **STATUS OF THE PATIENT MANAGEMENT SYSTEM
REPLACEMENT**

As instructed by your Board on December 6, 2005, the Department of Health Services (DHS), through its Office of Managed Care (OMC)/Community Health Plan (CHP, aka "Plan"), is to provide a status report every (6) months regarding the procurement of a replacement system for CHP's Patient Management System (PMS). This is to provide you with the third status report.

BACKGROUND

OMC is responsible for administering CHP, a Knox-Keene licensed health maintenance organization. CHP product lines include: 1) Medi-Cal Managed Care Program, 2) Healthy Families Program, 3) PASC-SEIU Homecare Workers Health Care Plan (aka In-Home Supportive Services Program), 4) County Temporary Employees, 5) Consolidated Ombudsman Budget Reconciliation Act (COBRA), and 6) Individual Conversion Plan. As of June 1, 2007, CHP's total enrollment was approximately 164,700.

PMS is the transaction processing system used by CHP primarily for eligibility verification and claims processing. The lack of functionality in PMS prompted a number of labor-intensive processes, manual interventions, and development of multiple ancillary database applications to meet the business and operational needs of the organization. With the growing needs and demands of the consumer and the increasing regulatory requirements of healthcare, it is imperative to implement an integrated core administrative health care payer solution to increase quality of care, ensure timely and accurate distribution of information, and reduce duplication of effort through efficient and effective health information technology.

Studies conducted by Outlook Associates, Inc. in February 2002, Milliman, Inc. in July 2003, and Simpson & Simpson's annual independent audit reports in February 2005 and December 2005 indicated CHP lacked the infrastructure to effectively manage the enrollees enrolled with the Plan, including limitations and deficiencies with its information systems. In June 2005, the Joint Audit Committee expressed support for replacing PMS with a managed care system solution to meet the needs of the Plan.

The strategic direction for the integrated system solution is to acquire services from a qualified Application Service Provider (ASP). ASPs are vendors that provide application hosting services which includes the hardware, software, and in some scenarios, networking infrastructure to enable the organization to run standardized applications over a secured virtual network.



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ACTIVITIES

The following is the status of activities during the first six (6) months of 2007:

- From January 2007 through April 2007, the Office of Managed Care (OMC), Information Resource Management (IRM), and Internal Services Department (ISD) worked collaboratively to refine the Work Order for obtaining services from a *consultant to provide research, analysis, recommendations, development/review of specification and requirement documents (e.g., Request for Proposals, Request for Bids), development/review of evaluation tool for vendor responses and vendor selection criteria, and development/review of agreement.*
- In April 2007, ISD posted the Work Order Availability Notice and received a total of twenty (20) resumes from various vendors. The resumes were forwarded to OMC for the candidate selection process.
- From May 2007 through June 2007, OMC interviewed potential candidates. In June 2007, Jay Arca from Logic House, LTD. was selected, the Master Agreement was executed, and the consultant began reviewing the existing draft Request for Proposal documents to ensure it was consistent with acquiring services from a qualified ASP vendor to meet the regulatory, reporting, and business needs of CHP.
- In June 2007, OMC submitted the requested technical modifications to the RFP to IRM.

NEXT STEPS

The next steps are to:

- Finalize and release the RFP by October 2007 to acquire services from a qualified ASP to meet the regulatory, reporting, and business needs of CHP.
- Review vendor proposals and select vendor by December 2007.
- Develop and execute contract by June 2008.
- Configure application software and develop procedures by December 2008.
- Complete data conversion, parallel testing, and acceptance testing by September 2009.
- Train staff and conduct system cut-over by December 2009.

Please let me know if you have any questions, or require additional information.

BAC:kc

c: Chief Administrative Office
County Counsel
Executive Officer, Board of Supervisors
Chief Information Officer